

CHAPTER XVIII.

BANKING IN LATIN AMERICA.

The History of Brazilian Paper Money and the Restoration of a Fixed Gold Exchange—The Similar Experience of the Argentine Republic—Failure to Maintain Gold Payments in Chile—Banking Development in Paraguay, Uruguay, and the Northern States—The Exchange Standard in Peru—Monetary Systems of Cuba and Panama—Colonial Banks of European Countries.

THE banking systems of the American States and dependencies of the South offer a great variety of methods of note issue and a great variation in the safeguards thrown around such issues. Some of the banking systems of Latin America have been the development of time and experience; others have been framed as an entirety upon the model of some European system, sometimes with the approval of eminent foreign economists ; and others are simply concessions by the governments to English capitalists who conduct the affairs of the banks from London. The domestic systems of banking and of currency have illustrated in many cases the fact that the best regulations do not always constitute a safeguard against unsound banking in countries where internal development is rapid, speculation is intense, and the conservatism of fixed conditions does not prevail. Bad as have been the results of some of the banking systems, their evils hardly kept pace for a time with the evils of government paper currency, which proved a serious fetter upon the prosperity of many South American States. With growth in population and in the extraction of national resources, however, there was a great improvement from about the close of the nineteenth century in monetary